



U.S. Department of the Interior
Bureau of Land Management

BLM Eastern States

Notice of Internet-based Oil and Gas Lease Sale

September 20, 2018

Sale Location: https://www.energynet.com/gov_listing.pl



Office Address:
20 M Street SE, Suite 950
Washington, DC 20003
Phone: 202.912.7713



**United States Department of the Interior
Bureau of Land Management**

Eastern States
20 M Street SE, Suite 950
Washington, DC 20003
<https://www.blm.gov/eastern-states>



AUG 06 2018

**Notice of Competitive Oil and Gas Internet-Based Lease Sale
Scheduled for Thursday, September 20, 2018**

In accordance with the *Mineral Leasing Act of 1920*, 30 U.S.C. 226(b)(1), as amended by the *National Defense Authorization Act for Fiscal Year 2015* (Pub. L. 113-291, 128 Stat. 3762) (Dec. 19, 2014), and the BLM regulations at 43 CFR 3120, the Bureau of Land Management (BLM) is offering 18 parcels at an internet-based competitive oil and gas lease sale. The 18 onshore parcels (totaling 3,195.12 acres), include:

- Eight parcels of public domain minerals underlying private surface in Stone and Cleburne Counties, Arkansas;
- Seven parcels of acquired minerals within the Huron-Manistee National Forest, Muskegon County, Michigan;
- One privately owned surface parcel overlying public domain minerals in Muskegon County, Michigan; and
- Two parcels of acquired minerals within the Wayne National Forest, Monroe County, Ohio.

This notice describes:

- The date, time and place of the sale
- How to participate in the bidding process
- The sale process
- The conditions of the sale
- How to file a noncompetitive offer after the sale
- How to file a presale noncompetitive offer
- How to file a protest

Enclosed is a list of the lands we are offering by parcel number, serial number, and legal land description. We have included any stipulations, lease notices, special conditions, or restrictions that will be made a part of the lease at the time the lease is issued.

For your convenience, maps showing the sale parcels are available at BLM's ePlanning internet site for this lease sale at: <https://bit.ly/2JvPxaa> and at https://www.energynet.com/govt_listing.pl.

When will the sale take place? The sale date is **Thursday, September 20, 2018**. The open bidding period will begin at **8:00 am EST (7:00 am CST)**. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for **three hours**, from start to finish. Bids will be accepted **only** during a parcel's open bidding period.

Where: The sale will be held online at <https://www.energynet.com/>. Click the Government Lease Sales icon to view the sale site. Parcels may be viewed online at the EnergyNet website beginning approximately 10 business days after posting of this sale notice on the BLM website. The BLM recommends checking the EnergyNet website before the lease sale for any updates on the list of parcels being offered and any Errata notices.

Access: The auction website is open to the public. The internet-based competitive lease sale can be observed in real-time. In order to participate as a bidder, you must register as a bidder on the website. The auction website will be active and available for use approximately 10 days after the posting date of this *Notice of Competitive Oil and Gas Internet-Based Lease Sale*, and will remain available for viewing until the completion of the auction. The available parcels listed below will be described on the website. The information displayed on the website during the offering period represents the authoritative record. Interested parties may visit the website at any time prior to or during the sale. The final sale results will be posted on the BLM's ePlanning internet site listed above for this lease sale.

Potential bidders may register for the online auction as soon as the auction website is active and are encouraged to do so as soon as possible. Further, potential bidders are encouraged to visit the website prior to the start of the open bidding period to become familiar with the site and review the bidding tutorial. Supporting documentation is available on the website to familiarize new users to the process as well as answers to frequently asked questions.

How will the sale be conducted?

The sale will be conducted **by online bidding only**. The online auction design will be a sequential ascending clock, fixed period, English auction. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for **3 hours**, from start to finish. Bids will only be accepted for each parcel during its open bidding period. The bidding period for each parcel will close sequentially, so that bidders will know if they are the highest winning bidder on a parcel before subsequent parcels close for bidding. For each parcel, the website will display the current high bid and the bidder's number, and will show each new bid as soon as it is submitted. All bids must be equal to or exceeding the minimum acceptable bid which is noted online at the start of the auction. The winning bid is the highest bid per acre offered; it will be displayed online at the close of the auction.

The online system provides for two types of bids: a flat bid per acre, or a maximum bid per acre. The system allows participants to submit either type of bid, or both. Maximum bids allow a bidder to participate in the online auction without having to be logged into the website at the time the auction period closes. The auction website provides a full explanation of placing maximum bids. The auction website also provides an explanation of how the maximum bid process works

to place bids on your behalf to maintain your high bidder status up to your chosen maximum bid amount. The BLM strongly encourages potential bidders to review the bidding tutorial on the auction website in advance of the online lease sale.

How do I participate in the bidding process?

To participate in the BLM bidding process, one must register and obtain a bidder number before the start of the auction. Approximately 10 days after posting of this notice on the BLM website, a potential bidder may register to bid at the auction website listed above. Bidders are encouraged to register as soon as possible, to familiarize themselves with the bidding instructions, and to ensure they have ample time to complete all the required bidder registration steps before the open bidding period commences.

If an entity is bidding for more than one party, the bidding entity must submit separate registration and credentials for each entity they represent. A separate bidder number must be requested and obtained, for each company or each individual the entity wishes to represent.

When registering as a bidder on the auction website, you will also be asked to sign a statement to confirm that any bid you cast will represent a good-faith intention to acquire an oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the terms of the lease and pay monies owed. Further, you will acknowledge, through self-certification of the enhanced bidder form, that you understand that it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious, or fraudulent statements or representations regarding your qualifications, bidder registration, and intent to bid; acceptance of a lease or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years, or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), or any monies owed EnergyNet for a previous oil and gas lease auction conducted by EnergyNet for any BLM office, you will not be allowed to register to bid at this lease sale.

The Mineral Leasing Act requires that leases be issued to a “responsible qualified bidder” [30 U.S.C. 226(b)(1)(A)]. Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a “responsible qualified bidder” and will be barred from participating in any federal oil and gas lease auction nationwide until the bidder settles that debt to the United States. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

You do not have to be “present” in the auction in order to participate as a bidder. The online auction provides a “maximum bid” bidding option. By using this “maximum bid” option, you are asking the system to bid automatically on your behalf, up to an amount you specify.

What is the sale process?

Starting at the posted opening date and time for each parcel:

- The minimum acceptable bid is **\$2 per acre**.
- All bids are based on the per-acre total for the entire parcel, rounded up to whole acres. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.51 acres requires a minimum bid of \$202 ($=\2×101 acres).
- All bids are made in minimum increments of \$1.00 per acre, or fractional acres thereof.
- You cannot withdraw a bid once a bid is placed and the system determines that you are the high bidder, whether the bid was a flat bid or a maximum bid.
- The winning bid is the highest bid per acre offered, which will be displayed online at the close of the auction.
- **The decision of the Bureau of Land Management is final, as presented on the BLM Eastern States' website and at www.energyvnet.com.**

How long will the sale last?

The length of the sale depends on the number of parcels we are offering. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for **three hours**, from start to finish.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale postponement:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post an Errata notice on the BLM Eastern States website, on the EnergyNet website and a paper notice in the Eastern States State Office Information Access Center (Public Room) before the sale begins. Additionally, the auction website will clearly indicate that a parcel is withdrawn.
- **Fractional interests:** If the United States owns less than 100 percent of the oil and gas mineral interest in a parcel, we will show that information as part of the parcel listing. When we issue the lease, it will be for the percentage or fraction of interest the United States owns [43 CFR 3120.1-2(c)]. The bonus bid and advance rental payment will be calculated based on the gross acreage in the parcel, not the United States fractional mineral interest. For example, if a parcel contains 199.31 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 ($=\2×200 acres) and the advance annual rental will be \$300 ($=\1.50×200 acres) for the first 5 years and \$400 ($=\2×200 acres) for the remainder of the lease term. Conversely, your chargeable acreage and royalty on production will be calculated based on the United States net acreage, taking into consideration the United States fractional mineral interest.
- **Payment due:** You cannot withdraw a bid. Your bid is a legally binding contract. For each parcel for which you are the successful high bidder, you must pay on the day of sale, the minimum bonus bid of \$2 per acre or fraction of an acre; the first year's advance rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of \$160. These are monies you owe the United States, whether or not a lease is issued. You must provide notification of the payment process of these monies

by 4:30 pm EST the day the auction closes. Payment will be made directly to the BLM Eastern States Office, or as otherwise directed by the BLM. Payments to the BLM will not be made through the auction website. At the conclusion of each parcel's bidding period, the winning bidder will be provided instructions by the online auction system about how to make the required payment to BLM. After the lease sale, you will also be required to pay the buyer's premium of 1.5% of any successful bid to EnergyNet.

If your bonus bid was more than \$2 per acre or fraction of an acre and you do not pay the full amount on the day of the sale, you must pay any balance due by the close of business on the tenth working day after the date the auction closes. If you do not pay in full by this date, you lose the right to the lease and all money paid on the day of the sale. If you forfeit a parcel, we may offer it again at a future sale.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States [43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a)]. If we do not receive notification of the payment process of the minimum monies owed the day of the sale by the date and time described above, the BLM will issue a bill for the monies owed. If we do not receive payment by the bill due date, we will send a demand letter to you that will include additional fees. If we do not receive payment as requested by the demand letter, the United States will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and assess civil penalties on past-due amounts. "All appropriate methods" include, but are not limited to: referral to collection agencies and credit reporting bureaus; salary or administrative offset; offset of Federal and state payments, including goods or services; Federal and state tax refund offset; and retirement payment offset. We may send debts to the Internal Revenue Service (IRS) and the IRS may charge them as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR Part 285).

- **Forms of payment:** Specific payment instructions will be provided by the online auction system to high winning bidders. You can pay by: personal check, certified check, and money order in person at the BLM Eastern States Office in Washington D.C. We encourage you to pay by Electronic Funds Transfer (EFT), Automated Clearing House (ACH), or credit card (Discover, Visa, American Express, or MasterCard only). We cannot accept cash.

Please note, in accordance with the Department of Treasury Financial Manual, Announcement No. A-2014-04, the BLM cannot accept credit or debit card payments for an amount equal to or greater than \$24,999.99. The BLM cannot accept aggregated smaller amounts on a credit card or multiple credit cards, to bypass this requirement.

The BLM does not have Personal Identification Number (PIN) equipment for the purpose of processing PIN authorized debit cards. All debit card transactions will be processed as credit cards and the dollar value limits will apply. If you pay by check in person at the BLM Eastern States office, or as otherwise directed by the BLM, please make your check payable to: **Department of the Interior-BLM.**

If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements.

Please note, the BLM cannot grant you any extension of time to pay.

- **Bid form:** On the day of the sale, if you are a successful winning bidder, you must submit (email or fax) to BLM a properly completed and signed competitive bid form (Form 3000-2) with the required payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once you sign the form, you cannot change it. The online auction system will provide the successful winning bidder with a pdf-fillable copy of this bid form and instructions on how to submit the form to the BLM Eastern States Office after the auction. We will not accept any bid form that has information crossed out or is otherwise altered. **We will not issue a lease until we receive a signed copy of the bid form in accordance with 43 CFR 3102.4(2).** You will be shown the bid form as part of the sale registration process, and asked to certify that you will complete and execute it should you be the successful winning bidder. We ask that you complete the form at that time to ensure that you can meet this condition. Your completed bid form will certify that:
 - (1) You and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and
 - (2) Both you and/or the prospective lessee have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of, or collusion among bidders.
- **Federal acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain land and 246,080 acres of acquired land (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control, and acreage in leases for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes. The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

- **Lease Issuance:** After we receive the bid form, all the money due and protests have been resolved, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We must receive your request before we sign the lease.
- **Lease terms:** A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. **Advance rental at \$1.50 per acre for the first 5 years (\$2 per acre after that) is due on or before the anniversary date each year until production begins.** Once a lease is producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11).
- **Split Estate:** Information regarding leasing of Federal minerals under private surface, referred to as "Split Estate," is available at the following Washington Office website: <https://www.blm.gov/sites/blm.gov/files/documents/files/SplitEstate08finalWeb.pdf>. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program.
- **Stipulations:** The parcels are subject to surface use stipulations for the protection of sensitive natural and cultural resources, and stipulations may affect how operations are conducted. The stipulations were developed in accordance with the *Endangered Species Act of 1973*, as amended, 16 U.S.C. 1531 *et seq.*, Section 106 of the *National Historic Preservation Act of 1966*, and other resource-specific laws. These stipulations are included in the parcel descriptions on the attached list. Stipulations are part of the lease and supersede any inconsistent provisions of the lease form.
- **Unit and Communitization Agreements:** Parcels offered in this sale notice may fall within an authorized Unit or Communitization Agreement. In these cases, the successful bidder will be required to join the agreement.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid are available on a first-come, first-served basis for a 2-year period, beginning the day after the sale. The noncompetitive offers are handled directly by the BLM and not through the internet leasing website. If you want to file a noncompetitive offer on an unsold parcel, you must provide to the BLM Eastern States Office:

- Three copies of Form 3100-11, *Offer to Lease and Lease for Oil and Gas*, properly completed and signed. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5; and
- Your payment of \$415 for the filing fee plus the advanced first year's rental (\$1.50 per acre or fraction of an acre). Remember to round up any fractional acreage when you calculate the amount of rental.

Submit the aforementioned items to the BLM Eastern States Office in person or by mail. All noncompetitive offers filed the day of a sale will be considered as filed the first business day after the sale. If a parcel receives more than one offer, we will hold a drawing to pick the winner (see 43 CFR 1822.17). In the list of parcels, we have noted any parcels that have pending presale offers. A presale offer has priority over any noncompetitive offer filed after the sale.

How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that:

- Are available; and
- Have not been under lease during the previous 1-year period, or
- Have not been included in a competitive lease sale within the previous 2-year period.

Your noncompetitive presale offer to lease must have been filed prior to the official posting of this Sale Notice. If your presale offer was timely filed, was complete and we do not receive a bid for the parcel that contains the lands in your offer, your presale offer has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer for parcels that may be offered in future sales, follow the directions listed for filing a noncompetitive offer after the sale.

How do I submit an Expression of Interest (EOI)?

All EOIs will now be submitted electronically via the *National Fluids Lease Sale System* (NFLSS) located at: <https://nflss.blm.gov/>. Be sure to include all of the information requested so that the BLM may efficiently process your request. Incomplete nomination packages or improperly packaged EOIs may prompt the BLM to reject the nomination or can cause delays in processing the EOI. The following information should be included in your EOI nomination package:

- Exact locality information including state, county, meridian, township, range, section, and aliquot part or other appropriate specific land description such as a metes and bounds description. A lot number or tract number without a specific land description is not acceptable.
- County plat map showing surface ownership and acreage with the nominated parcel outlined on the map.
- Proof of Federal mineral ownership (e.g. Deed(s), Patent(s), or other form of minerals interest conveyance to the United States).
- A map of the nominated parcels or preferably, a Geographic Information System (GIS) shapefile(s) of the nominated parcels.
- Parcels that include split estate lands must provide the name and address of the current private surface owner(s); if available, include an electronic-mail address and telephone number.

Each EOI must be as compact in form as possible and may only include one type of surface ownership, mineral interest, and one type of administrative designation as follows:

- Do not include mixed surface ownership in the same EOI. Submit separate EOIs for lands with Federal surface ownership, from lands with privately owned surface, and from State-owned surface lands.
- Do not include parcels in different counties, townships, or ranges in the same EOI.
- Do not include non-contiguous parcels within the same EOI.
- Do not include parcels with mixed fractional mineral interest in the same EOI. Please re-configure the parcels into separate EOIs.

NOTE: The BLM no longer requires submitters of EOIs to provide their name and address. If you consider your name and address to be confidential, do not include it in your EOI. However, if you do not provide your contact information, the BLM cannot notify you if any questions arise regarding your EOI. The status of a particular EOI will be noted at the NFLSS website. If you choose to provide your name and address, this information will be made available to the public via the NFLSS website.

When is the next competitive oil and gas lease sale scheduled?

Following the September 20, 2018 lease sale, the next online competitive oil and gas lease sale is *tentatively* scheduled for December 13, 2018. We can make no guarantee as to when a given parcel will be offered for competitive sale.

How can I find out the results of this sale?

The sale results for the September 20, 2018, lease sale will be posted on the BLM Eastern States website located at: <https://on.doi.gov/2jBNieS>. Paper copies are available for viewing at the BLM Eastern States Office in Washington D.C.

May I protest the BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- Protests must be postmarked or faxed within 10 calendar days of the posting of this Notice. The BLM will dismiss a late-filed protest or an improperly filed protest.
- A protest must state the interest of the protesting party in the matter (also known as a "statement of reasons") to support the protest.
- The protest must specify the parcel being protested (by parcel number).
- You may file a protest either by mail in hardcopy form or by telefax. You may not file a protest by electronic mail. The BLM will also not accept protests submitted in person or by any means other than US mail or telefax.
- Protests submitted by mail shall be addressed to the State Director to the address listed in the letterhead of this notice.
- Protests submitted by telefax must be sent to **(202) 912-7798**. Protests sent to a different fax number or submitted by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership, or corporation, the signing party must reveal the relationship between them. For example, unless a non-governmental organization authorizes an individual member of its group to act on their behalf, the individual cannot make a protest in the group's name.
- A protest must include the name and address of the protesting party and reference the

specific serial number or parcel number that is being protested. The BLM will not accept names, addresses, and signatures included as an attachment to a protest letter.

Any protests, including names and street addresses, will be made available for public review on the BLM's website. Individual protesters may request confidentiality. If you wish to withhold your personal identifiable information from public review or from disclosure under the Freedom of Information Act, you must state this prominently at the beginning of your protest. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public review in their entirety.

If the BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel? The BLM will announce receipt of any protests on the auction website prior to the start of the online auctions. We will also announce on the website a decision to either withdraw the parcel or proceed with the sale of that parcel. Decision letters addressing the protests will be posted on the BLM Eastern States ePlanning website for this lease sale.

If I am the high bidder at the sale for a protested parcel, when will the BLM issue my lease? We will make every effort to resolve the protest prior to the lease sale, but no later than 60 days after the sale. We will not issue a lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

If the BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will reject your bid, and refund your first year's rental, bonus bid, and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations. If you do not accept the additional stipulations, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee.

If the BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision? Yes, you may. Note: An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

May I appeal the BLM's decision to deny my protest?

Yes, you may. Note: An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with any decision by the Interior Board of Land Appeals to deny the protest. If resolution of the appeal results in lease cancellation, the BLM we will authorize a refund of the bonus bid, rentals, and administrative fees if:

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it; and
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid, and administrative fee.

For more information, please contact Ms. Pamela Griner at (202) 912-7729.

A handwritten signature in dark ink, reading "Mitchell Leverette". The signature is written in a cursive, flowing style.

Mitchell Leverette
Acting State Director

Arkansas

Private Surface, Public Domain Minerals

Parcel #: ES-001-09/2018 BLM Serial #: ARES059333 PD EOI #: 1103

Arkansas, Stone County

T. 13 N., R. 12 W., Fifth Principal Meridian

Sec. 36, S1/2SE1/4.

80.00 Acres \$120.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulations for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-002-09/2018 BLM Serial #: ARES059334 PD EOI #: 1148

Arkansas, Cleburne County

T. 12 N., R. 11 W., Fifth Principal Meridian

Sec. 36, SE1/4SE1/4.

40.00 Acres \$60.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulations for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, Bald Eagle, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

The lands included in this parcel are fully committed to Communitization Agreement (CA) ARES056581, approved effective May 4, 2009. The successful bidder is required to file evidence of having entered into an agreement with the CA operator for the development and operation of the subject lands under the terms and provisions of the approved communitization agreement.

The successful bidder should immediately contact the CA Operator XTO Energy Inc., 810 Houston Street, Ste. 2000, Fort Worth, Texas 76102-6298. In order to join the CA, the operator will give instructions about executing copies of the joinder agreement. Five

duplicate originally signed copies of the joinder agreement must be furnished to the BLM, Southeastern States District Office, 273 Market Street, Flowood, Mississippi 39232.

When the evidence is filed with the above office, a copy of the transmittal letter must be filed in the State Office in Washington, DC, mail to: Bureau of Land Management-Eastern States Office, Attention: Division of Natural Resources (ES-934), 20 M Street, S.E., Suite 950, Washington, DC 20003.

Parcel #: ES-003-09/2018 BLM Serial #: ARES059335 PD EOI #: 1469

Arkansas, Cleburne County

T. 12 N., R. 11 W., Fifth Principal Meridian

Sec. 24, SW1/4SW1/4.

40.00 Acres \$60.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulations for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-004-09/2018 BLM Serial #: ARES059336 PD EOI #: 1770

Arkansas, Cleburne County

T. 12 N., R. 11 W., Fifth Principal Meridian

Sec. 4, SE1/4SW1/4.

40.00 Acres \$60.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulation for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-005-09/2018 BLM Serial #: ARES059337 PD EOI #: 1770

Arkansas, Cleburne County

T. 12 N., R. 11 W., Fifth Principal Meridian

Sec. 23, SE1/4SE1/4.

40.00 Acres \$60.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulation for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-006-09/2018 BLM Serial #: ARES059346 PD EOI #: 1773

Arkansas, Cleburne County

T. 11 N., R. 12 W., Fifth Principal Meridian

Sec. 1, W1/2NW1/4NE1/4.

20.00 Acres \$30.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulation for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-007-09/2018 BLM Serial #: ARES059347 PD EOI #: 726

Arkansas, Cleburne County

T. 12 N., R. 8 W., Fifth Principal Meridian

Sec. 2, Fractional NW1/4.

13.20 Acres \$21.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulation for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Parcel #: ES-008-09/2018 BLM Serial #: ARES059348 PD EOI #: 726

Arkansas, Cleburne County

T. 12 N., R. 8 W., Fifth Principal Meridian

Sec. 8, NE1/4NE1/4 and NW1/4SE1/4.

80.00 Acres \$120.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- BLM Stipulation for Cultural Resources and Tribal Consultation, Endangered Species, Sensitive Plant Species, Freshwater Aquatic Habitat, and Bats: Indiana bat, Ozark big-eared bat, Virginia big-eared bat, northern long-eared bat, or gray bat.
- BLM Lease Notices/Best Management Practices for Migratory Birds and Federally Listed Wildlife, Perching and Nesting Birds and Bats, Invasive and Non-Native Plant Species and Pesticide Application.

Michigan

Forest Service Surface, Acquired Minerals

Parcel #: ES-009-09/2018 BLM Serial #: MIES 059338 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 3, SW1/4NE1/4 and S1/2NW1/4.

120.00 Acres

\$180.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #6, #10, #11
- Lease Stipulation #9 applies to all lands.

Parcel #: ES-010-09/2018 BLM Serial #: MIES 059339 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 4, E1/2NW1/4, W1/2NW1/4, SW1/4 and NE1/4SE1/4;

Sec. 5, E1/2 and E1/2NW1/4;

Sec. 9, NE1/4 and N1/2NW1/4.

1,006.86 Acres

\$1,510.50 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #6, #10, #11
- Lease Stipulations #1, #2, #19 or #21 (no surface occupancy), applies to all lands in Sec. 4, Sec. 5, and Sec. 9.
- Lease Stipulation #9 applies to all lands
- Lease Stipulation #25 applies to all lands in Sec. 9.

Parcel #: ES-011-09/2018 BLM Serial #: MIES 059340 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 7, E1/2SE1/4 and E1/2SW1/4SE1/4.

100.00 Acres

\$150.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #10, #11
- Lease Stipulation #9 applies to all lands.

Parcel #: ES-012-09/2018 BLM Serial #: MIES 059341 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 8, NW1/4NE1/4, SE1/4NE1/4, NE1/4SW1/4, W1/2SW1/4, N1/2SE1/4 and
SW1/4SE1/4;
Sec. 16, N1/2NW1/4;
Sec. 17, ALL.

1,040.00 Acres

\$1560.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #10, #11.
- Lease Stipulations #1, #2, or #21 (no surface occupancy) applies to Sec. 8, SWNWNE, Pt. NWNWSE, NESW; Sec. 16, Pt. NWNENW, Pt. NENWNW; Sec. 17 Pt. SWNE, Pt. NESW, W2SW, Pt. W2NW, Pt. NENW
- Lease Stipulation #9 applies to all lands
- Lease Stipulation #25 applies to all lands in Sec. 16.

Parcel #: ES-013-09/2018 BLM Serial #: MIES 059349 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 18, E1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, N1/2SE1/4, E1/2SW1/4SE1/4 and
SE1/4SE1/4.

340.00 Acres

\$510.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #10, #11
- Lease Notice #6 applies to lands in Sec. 18
- Lease Stipulations #1, #2, or #21 (no surface occupancy) applies to Sec. 18, all lands.
- Lease Stipulation #9 applies to all lands.

Parcel #: ES-014-09/2018 BLM Serial #: MIES 059351 ACQ EOI #: 1457

Michigan, Muskegon County, Huron-Manistee National Forest

T. 11 N., R. 15 W., Michigan Meridian

Sec. 15, W1/2SE1/4.

80.00 Acres

\$120.00 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices: #1, #2, #3, #5, #6, #10
- Lease Stipulation #9 applies to all lands
- Lease Stipulation #25 applies to lands in Sec. 15.

Parcel #: ES-015-09/2018 BLM Serial #: MIES059352 ACQ EOI #: 1459
Michigan, Muskegon County, Blue Lake Township, Huron-Manistee National Forest
T. 12 N., R. 16 W., Michigan Meridian
Sec. 34, NW1/4SE1/4.

40.00 Acres \$60.00 Rental U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations
- Lease Notices #1, #2, #3, #5, #10.
- Lease Stipulation #2 (no surface occupancy) applies to Pt. NWSWNWSE.
- Lease Stipulation #9 applies to all lands.

Michigan

Private Surface, Public Domain Minerals

Parcel #: ES-016-09/2018 BLM Serial #: MIES059353 PD EOI #: 1465
Michigan, Muskegon County
T. 11 N., R. 15 W., Michigan Meridian
Sec. 11, NE1/4SW1/4.

40.00 Acres \$60.00 Rental U.S. Mineral Interest: 100%

Subject to:

- Private surface stipulation for wetlands: No surface occupancy is permitted within wetlands. The BLM would grant a waiver to this stipulation for wetland activities for which the operator has obtained the necessary state and federal permits.

Ohio

Forest Service, Acquired Minerals

Parcel #: ES-017-09/2018 BLM Serial #: OHES059342 ACQ EOI #: 2244

Ohio, Bethel Township, Monroe County, Wayne National Forest

T. 4 N., R. 6 W., Ohio River Survey

Sec. 29, NW1/4NE1/4.

40.06 Acres \$61.50 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations.
- Lease Special Notification: #1 (Applies to all lands in the Parcel)
- Lease Notification: #1, #2, #3, #4, #5 (Applies to all lands in the Parcel)
- Lease Stipulations: NSO #8 Slopes in excess of 55%
- Lease Stipulations: #17 Controlled Surface Use – Slopes Between 35% and 55%.
- Royalty Reservation Notice

Parcel #: ES-018-09/2018 BLM Serial #: OHES 059343 ACQ EOI #: 2246

Ohio, Bethel Township, Monroe County, Wayne National Forest

T.5 N., R. 7 W., Ohio River Survey

Sec. 2, SW1/4NW1/4, excepting the S1/2SE1/4SW1/4NW1/4.

35.00 Acres \$52.50 Rental

U.S. Mineral Interest: 100%

Subject to:

- Forest Service Standard Lease Stipulations.
- Lease Special Notification: #1 (Applies to all lands in the Parcel).
- Lease Notifications: #1, #2, #3, #4, #5 (Applies to all lands in the Parcel).
- Lease Stipulations: NSO #8 Slopes in excess of 55%.
- Lease Stipulations: #17 Controlled Surface Use – Slopes Between 35% and 55%.
- Royalty Reservation Notice.

Stipulations

BLM Notice for Specified Parcels

Royalty Reservation Notice

This tract may have an outstanding Non-Participating Royalty Interest (NPRI), which is hereby accounted as a separate royalty payment in addition to the royalty paid to the United States under the terms of any BLM lease issued and shall be paid by the lessee directly to the NPRI owners.

BLM Stipulations for Public Domain Minerals Located in Arkansas

Cultural Resources and Tribal Consultation

Stipulation: This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. These obligations may include a requirement that you provide a cultural resources survey conducted by a professional archaeologist approved by the State Historic Preservation Office (SHPO). If currently unknown burial sites are discovered during development activities associated with this lease, these activities must cease immediately, applicable law on unknown burials will be followed and, if necessary, consultation with the appropriate tribe/group of federally recognized Native Americans will take place. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

Endangered Species

Stipulation: The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. 1531 *et seq.*, including completion of any required procedure for conference or consultation.

Exception: None

Modification: None

Waiver: None

Sensitive Plant Species

Stipulation (CSU): All suitable special status plant species habitat will be identified during environmental review of any proposed surface use activity. If field examination indicates that habitat of one or more of these species is present, the BLM will require a survey by a qualified botanist for special status plants during periods appropriate to each species. Operations will not be allowed in areas where sensitive plants would be affected.

Objective: To protect threatened, endangered, candidate, proposed, and BLM sensitive plant species.

Exception: An exception may be granted if the operator agrees to implement measures developed in consultation with the USFWS and in coordination with State agencies.

Modification: The stipulation may be modified if it is determined that a portion of the lease does not contain sensitive plant species habitat.

Waiver: The stipulation may be waived if, based on field surveys, it is determined that the lease area does not contain sensitive plant species habitat.

Bats - Applies to all Arkansas EOI #s

Stipulation (NSO): No surface occupancy or disturbance would be permitted within 10 miles of rubemacula, 5 miles of maternity roosts, and 2.5 miles of non-maternity record locations for the following species: gray bat, Indiana bat, Ozark big-eared bat, northern long-eared bat, and Virginia big-eared bat.

Objective: To avoid adverse effects to special status bats.

Exception: An exception may be granted if the project would not result in adverse effects to these special status bats or their habitat, with concurrence from the USFWS.

Modification: None.

Waiver: This stipulation may be waived if the lease does not contain suitable habitat for gray bat, Indiana bat, northern long-eared bat, Ozark big-eared bat, Virginia big-eared bat, with concurrence from USFWS.

Stipulation (CSU): No removal of trees or snags over 5 inches in diameter permitted between March 16 and November 30 within known or potential range of the northern long-eared bat.

Objective: To prevent disturbance of summer/nursery roosting areas of special status bats.

Exception: An exception may be granted if the project can be modified sufficiently to result in no adverse effect on special status species, with concurrence from the USFWS.

Modification: None.

Waiver: None.

Freshwater Aquatic Habitat

Stipulation (NSO): No surface occupancy or disturbance, including discharges, are permitted within 250 feet of a river, stream, wetland spring, headwater, wet meadow, wet pine savanna, pond, tributary, lake, coastal slough, sand bar, vernal pools, calcareous seepage marsh, or small, marshy calcareous stream. If the slope exceeds 10 percent, the buffer may be extended to 600 feet to provide adequate protection for aquatic habitats and associated species.

Regardless of buffer width, appropriate sediment and erosion control BMPs should be implemented as defined in the following USFWS documents: (1) Arkansas Best Management Practices for Fayetteville Shale Natural Gas Activities (2007) and (2) Arkansas Best Management Practices for Natural Gas Pipeline Construction and Maintenance Activities in the Fayetteville Shale Area - Upper Little Red River Watershed (2009). These BMP documents can be found at <https://www.fws.gov/arkansas-es/docs/>.

Objective: To protect the water quality of watersheds and natural stream substrate and morphology and to avoid potential impacts to aquatic species and their habitat.

Exception: An exception may be granted if the operator agrees to 1) span creeks, rivers, wetlands, and floodplains by attaching pipelines to bridges; 2) directionally drill wells and pipelines from upland sites under creeks, rivers, other waters, and wetlands or 3) implement other measures developed in consultation with USFWS and in coordination with State agencies.

Modification: The buffer may be reduced if the adjacent waterway has been surveyed for 100 yards upstream and 300 yards downstream of the site, and the results document the lack of suitable/occupied/critical habitat for listed species which may be affected by the project, as determined by the BLM and USFWS.

Waiver: None

Migratory Birds and Federally Listed Wildlife

Stipulation: Any reserve pit that is not closed within 10 days after a well is completed and that contains water must be netted or covered with floating balls, or another method must be used to exclude migratory birds.

All power lines must be built to protect raptors and other migratory birds, including bald eagles, from accidental electrocution, using methods detailed by the Avian Power Line Interaction Committee (APLIC 2006).

Objective: To protect perch and roosting sites and terrestrial habitats for and to avoid potential impacts to migratory birds and federally listed wildlife.

Perching and Nesting Birds and Bats

Stipulation: Open vent stack equipment, such as heater-treaters, separators, and dehydrator units, will be designed and constructed to prevent birds and bats from entering or nesting in or on such units and, to the extent practical, to discourage birds from perching on the stacks. Installing cone-shaped mesh covers on all open vents is one suggested method. Flat mesh covers are not expected to discourage perching and will not be acceptable.

Objective: To prevent birds and bats from entering or nesting in or on open vent stack equipment.

Invasive and Non-Native Species

Stipulation: Use of native or non-invasive plants in seeding mixtures will be encouraged to stabilize disturbed areas and during restoration activities. Construction sites will be surveyed for invasive species prior to ground disturbance. If invasive species are found, the proper control measures will be used to either eradicate the species from the area or minimize its spread to other areas. If cogongrass is found on site, equipment will be washed before exiting the site to prevent the spread of this highly invasive species to other locations. Post-construction monitoring for cogongrass and other invasive plant species should be conducted to ensure early detection control. In the case of split-estate lands, final seed mixtures will be formulated in consultation with the private landowner.

Objective: To discourage the spread of invasive, non-native plants.

Pesticide Application

Stipulation: Any ground application of herbicides or other pesticides, sterilants, or adjuvants within 150 feet of listed species or habitat will require site-specific control measures developed in coordination with or in formal consultation with USFWS. No aerial application of herbicides or pesticides will be permitted.

Objective: To protect the water quality of watersheds and natural stream substrate and morphology supporting special status species and their host species.

USDA – FOREST SERVICE
Huron-Manistee National Forests, Michigan

***Forest Service Notices and Stipulations
for Acquired Minerals Located in Michigan***

Lease Notices

Lease Notice #1) Operations under this lease will be consistent with the Standards and Guidelines found in the Huron-Manistee National Forests Land and Resource Management Plan and hereby incorporated into this lease in their entirety.

Lease Notice #2) Surface disturbance will be limited to that necessary for reasonable, safe and prudent extraction of the oil and gas. Measures will be implemented to minimize erosion and sedimentation. Road and stream crossings will be planned to eliminate stream crossings whenever practical.

Lease Notice #3) Processing of proposed surface use plans of operation on National Forest System lands includes site-specific analysis to determine effects to threatened, endangered, or sensitive species. This analysis may require surveys for certain plants and/or animals. Depending upon the species of concern, it may be necessary to survey through spring, summer, and fall. The extent of required surveys could delay permit issuance. Operators are encouraged to submit proposals as soon as possible to facilitate the scheduling of necessary survey work.

Lease Notice #4) All or portions of this lease parcel is located in Management Area 4.2, Roaded Natural Sandy Plains and Hills (Huron-Manistee National Forests Land and Resource Management Plan). A reclamation plan for all wells, pipelines, production facilities and access routes must be submitted to the Forest Line Officer in charge for approval. Disturbed areas will be restored after completion of drilling and/or production operations. Permanent vegetative cover will consist of a mixture of native warm season grasses. These will be scheduled for establishment just prior to the next growing season, generally late April, May or early June.

Lease Notice #5) Lands included in this lease parcel are being managed as a wildlife emphasis area or Karner blue butterfly management unit and occupancy is subject to more restrictive controls than routine areas.

Lease Notice #6) Portions of this lease parcel have had occurrences of certain threatened, endangered, or sensitive species or communities. At the time a drilling permit application or other request for surface use is filed, a site-specific review will be done to determine potential effects to these species. Depending upon the findings of the site-specific review, additional operating constraints, such as seasonal restrictions or re-location of the proposed wellsite, may be necessary to mitigate effects to threatened, endangered, or sensitive species or communities.

Lease Notice #7) Portions of this lease parcel contain known heritage resource sites. At the time a drilling permit application or other request for surface use is filed, a site-specific review will be done to determine potential effects to these sites. Depending upon the findings of the

site-specific review, additional operating constraints, such as re-location of the proposed wellsite, may be necessary to mitigate effects to heritage resources.

Lease Notice #8) A portion of this lease parcel is in an area proposed for timber harvest activities. If oil and gas activities and timber harvesting are proposed concurrently, use conflicts between the oil and gas operator and timber purchaser would need to be resolved prior to issuance of a Federal drilling permit.

Lease Notice #9) Parcel is surrounded entirely by private land and access must be negotiated with adjacent landowners.

Lease Notice #10) This lease parcel is located in an area considered to be habitat for the northern long-eared bat (*Myotis septentrionalis*). At the time a drilling permit application or other request for surface use is filed, a site-specific review will be conducted and potential impacts to this species will be assessed. Depending upon the findings of the site-specific review, additional operating constraints, such as a seasonal restriction on tree felling, may be necessary to mitigate adverse effects.

Lease Notice #11) This lease parcel is located in an area considered to be habitat for the eastern massasauga rattlesnake (*Sistrurus catenatus*). At the time a drilling permit application or other request for surface use is filed, a site-specific review will be conducted and potential impacts to this species will be assessed. Depending upon the findings of the site-specific review, additional operating constraints, such as re-location of the proposed wellsite or seasonal operating restrictions, may be necessary to mitigate adverse effects.

Lease Stipulations

Stipulation #1) No surface occupancy is permitted on this parcel within 300 feet, measured at a perpendicular, from the normal high water mark of any river, stream, or lake. If site-specific examination determines that rivers, streams or lakes do not exist on the lease parcel, this stipulation may be waived.

Stipulation #2) No surface occupancy is permitted on this parcel due to the presence of wetlands. If site-specific examination determines that wetlands do not exist on the lease parcel, this stipulation may be waived.

Stipulation #3) All or portions of this lease parcel are located in an area managed as Old Growth. In accordance with the Huron-Manistee National Forests' Forest Plan, no surface occupancy is permitted on this parcel due to the lack of existing reasonable access. If an on-the-ground review of this tract indicates reasonable access does exist, this stipulation may be waived. Any subsequent surface occupancy would be limited to those existing roads and trails.

Stipulation #4) All or portions of this lease parcel are located in an area managed as Old Growth. Surface disturbing activities will take place outside of old growth where there are reasonable alternative locations. Due to the presence of existing reasonable access via roads/trails, surface occupancy is permitted, however, is limited to existing roads and trails.

Stipulation #5) All or portions of this lease parcel are located in an area managed as a semi-primitive nonmotorized area. Production facilities will be located outside the area when practical and needed pumps will be run by electric motors or equipped to minimize noise.

Stipulation #6) This parcel is located in an area managed as a semi-primitive nonmotorized area. The Huron-Manistee National Forests' Forest Plan limits surface location density in these areas. The maximum surface development density in this area is 1 surface location per 640 acres.

Stipulation #7) This parcel is located in an area managed as a semi-primitive nonmotorized area. Roads must use existing transportation corridors when compatible, feasible and practical.

Stipulation #8) This parcel is located within a Wild and Scenic River Corridor. No surface occupancy for oil and gas development will be permitted within this corridor.

Stipulation #9) All or portions of this lease parcel are located in potential Indiana bat habitat. Surface disturbing activities that involve tree removal will be prohibited between May 1 and August 31 if suitable Indiana bat habitat is found to be present. This stipulation may be waived if site-specific review of the proposal determines that suitable habitat is not present.

Stipulation #10) All or portions of this lease parcel are located within a 5-mile radius of Tippy Dam (Indiana bat hibernaculum). No surface occupancy will be permitted on all or portions of this lease for surface disturbing activities associated with site construction and/or oil and gas drilling between May 1 and October 20. This stipulation may be waived based on site-specific review of the proposal and identification of potential effects on the Indiana bat.

Stipulation #11) The North Country National Scenic Trail runs through all or portions of this lease parcel. No surface occupancy will be permitted for areas within 300 feet, measured at a perpendicular, from each side of the Trail. If site-specific examination determines that the North Country National Scenic Trail is not located on the lease parcel, this stipulation may be waived.

Stipulation #12) All or portions of this lease are located in an area of steep, fragile slopes. No surface occupancy is permitted on identified areas. This stipulation may be waived based on site-specific review of proposed location and soil types.

Stipulation #13) This parcel is located within the corridor of a Study Wild and Scenic River. No surface occupancy for oil and gas development will be permitted within this corridor.

Stipulation #14) All or portions of this lease are located near the River Road National Scenic Byway. No surface occupancy is permitted within 300 feet of the Byway.

Stipulation #15) All or portions of this lease are located in areas managed as Kirtland's warbler essential habitat. Surface location density restrictions as outlined below will apply in these areas:

Age of Essential Habitat	Maximum Development Density
0 to 25 years	1 surface location per 640 acres
26 to 40 years	1 surface location per 160 acres
Older than 40 years old	1 surface location per 640 acres

The priority for identifying surface locations are: 1) First priority will be stands (or inclusions of stands) that are not biologically appropriate for the development of breeding habitat for Kirtland's warbler, 2) Second priority will be stands within essential habitat that are greater than 26 years old, and 3) Third priority will be stands within essential habitat that are 0 to 25 years old. Exceptions may be granted through consultation with the Forest Service and the U.S. Fish and Wildlife Service.

No drilling, exploration, construction or maintenance involving the use of heavy equipment shall take place within one-half mile of or create noise greater than 85 decibels in occupied habitat, between May 1 and September 30. In occupied habitat, proven wells can be operated between October 1 and April 30, but between May 1 and September 30 only if they are flowing or operated by bottom-hole pump and 1) the product is transported by buried pipeline; 2) collection and storage facilities are located off essential habitat where reasonable; 3) noise from production operations will be less than 85 decibels at 100 feet, and 4) access is limited to routine monitoring of the well.

Stipulation #16) All or portions of this lease are located in an area designated as a Research Natural Area. No surface occupancy for oil and gas development is permitted in areas so designated.

Stipulation #17) All or portions of this lease are located in an area designated as a Candidate Research Natural Area. No surface occupancy for oil and gas development is permitted in areas so designated.

Stipulation #18) A portion of this lease tract includes a Forest administrative site. No surface occupancy for oil and gas development will be permitted in this area.

Stipulation #19) A portion of this lease tract includes a Forest developed recreation site. No surface occupancy for oil and gas development will be permitted in this area.

Stipulation #20) A portion of this lease tract is involved in the North American Long-Term Soil Productivity Study. Until completion of this study, no surface occupancy will be permitted on those portions of the lease tract that are included in this study.

Stipulation #21) This parcel contains lands designated as occupied Karner blue butterfly habitat. No surface occupancy for oil and gas development is permitted in areas so designated.

Stipulation #22) This parcel is located in an area managed as a semi-primitive motorized area. The Huron-Manistee National Forests' Forest Plan limits surface location density in these areas. The maximum surface development density in this area is 1 surface location per 160 acres.

Production facilities will be located outside the area when practical and needed pumps will be run by electric motors or equipped to minimize noise.

Stipulation #23) This parcel is located in an area managed as a Special Area or contains sensitive communities. No surface occupancy for oil and gas development is permitted in areas so designated.

Stipulation #24) No surface occupancy will be permitted for areas within 300 feet, measured at a perpendicular, from each side of existing and/or planned Visual Sensitivity Level 1 trails within the lease parcel. In areas with a high concentration of trails, this may preclude occupancy on the entire parcel.

Stipulation #25) This parcel contains lands identified as eastern massasauga rattlesnake habitat. No surface occupancy for oil and gas development is permitted in areas so designated. Exceptions may be granted through consultation with the Forest Service and the U.S. Fish and Wildlife Service.

***BLM Stipulation for Public Domain Minerals Located in Michigan
EOI 1465 (Private Surface)***

Wetlands

Private Surface Stipulation: No surface occupancy is permitted within wetlands. The BLM would grant a waiver to this stipulation for wetland activities for which the operator has obtained the necessary state and federal permits.

**USDA – FOREST SERVICE
Wayne National Forest, Ohio**

STANDARD STIPULATIONS - LEASE

The lessee is notified and agrees:

All work and any operations authorized under this lease shall be done according to an approved operating plan on file with the **Forest Supervisor at USDA Forest Service, 13700 US Highway 33, Nelsonville, Ohio, 45764**. Plans generally require a minimum of 45 days for Forest Service review. Bureau of Land Management must also review and also approve.

Operating plan will contain information the Forest Officer determines reasonable for assessment of (1) public safety, (2) environmental damage, and (3) protection for surface resources. Content of such plans will vary according to location and type of activity and may contain:

1. Steps taken to provide public safety.
2. Location and extent of areas to be occupied during operations.
3. Operation methods including size and type of equipment.
4. Capacity, character, standards of construction and size of all structures and facilities to be built.
5. Location and size of areas where vegetation will be destroyed or soil lay bare.
6. Steps taken to prevent and control soil erosion.
7. Steps taken to prevent water pollution.
8. Character, amount, and time of use of explosives or fire, including safety precautions during their use.
9. Program proposed for rehabilitation and revegetation of disturbed land.

Copies of all permits obtained from State or Federal agencies pertaining to work might be required. Archeological studies, if required, will accompany plan.

The Forest Supervisor or his/her designated agent has authority to temporarily suspend or modify operations in whole or in part due to emergency forest conditions such as high fire danger or other unsafe situations.

The lessee must keep the **District Ranger** informed about progress of operations to the extent reasonably necessary for assuring public safety. This is especially important with geophysical inventory and testing activities because of their mobile nature. The lessee will alert the **District Ranger** to circumstances which may affect safe and efficient conduct of work activities.

Terms of this lease are considered violated if not done according to these stipulations.

USDA – FOREST SERVICE
Wayne National Forest, Ohio

OIL AND GAS – LEASE SPECIFIC NOTIFICATIONS/STIPULATIONS

The notifications and stipulations that follow implement the Standards and Guidelines of the *Wayne National Forest Land and Resource Management Plan*, and, where appropriate, are in addition to the standard lease terms for oil and gas leases (BLM Form 3100-11). These notifications and stipulations are necessary to protect specific resource values on the lease area. If found to be in the public interest, they may be made less restrictive, or otherwise modified, when specifically approved in writing by an authorized officer of the Forest Service.

Special Notification #1

Operations under this lease will be consistent with all the standards and guidelines found in the revised Wayne National Forest Land and Resources Management Plan (Forest Plan), and are hereby incorporated into this lease in their entirety. Forest Plan standards and guidelines include restrictions on location, timing and methodology of oil and gas lease operations, and requirements for special surveys that provide for protection of National Forest land and resources. A copy of the Wayne National Forest Land and Resource Management Plan is available for inspection from the following website <http://www.fs.fed.us/r9/wayne/> or by writing to:

Forest Supervisor
Wayne National Forest
13700 US HWY 33
Nelsonville, OH 45764

Notification #1

Cultural Resources

The Forest Service is responsible for assuring that the area to be disturbed is examined for cultural resources prior to allowing any surface disturbing activities on lands covered by this lease. Important cultural resource values may be present on portions of this lease. Surface disturbing activities must avoid these areas unless the authorized officer agrees to the mitigation measures.

The lessee/operators may, at their discretion and cost, conduct the examination on the lands to be disturbed. This examination must be done by or under the supervision of a qualified resource specialist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of the proposed action on cultural resource values.

If items of substantial archaeological or paleontological value are discovered during operations, or a known deposit of such items is disturbed, the lessee (or operator) will cease work in the area so affected. The lessee (or operator) will then notify the Forest Service and will not resume excavation until the Forest Supervisor gives written approval.

Notification #2

Floodplains

Any activities proposed in, or likely to affect, a floodplain will be subject to:

- Analysis and identification of alternate sites.
- Public notification and comment period.
- Provisions of any other Federal, State or local laws and regulations as required under presidential Executive Order 11988, Protection of Floodplains.

Notification #3

Protection of Federal Endangered & Threatened and Regional Sensitive Species, and Their Habitat.

The Forest Service is responsible for assuring that the area to be disturbed is examined prior to allowing any surface disturbing activities on lands covered by this lease. The examination is to determine effects upon any plant or animal species listed, or proposed for listing, as federal endangered or threatened, regional sensitive, and their habitats. If the findings of this examination determine that the operation(s) may have a detrimental effect on a species covered by the Federal Endangered Species Act as amended, the operator's plans may be denied or restrictions added. The presence of regional sensitive species may also require some restrictions of the operation(s).

The Forest Service has the responsibility to conduct the required examination. In cases where the Forest Service time frames cannot meet the needs of the lessee/operator, the lessee/operator may, at his discretion and cost, conduct the examination on the lands to be disturbed. This examination must be done by or under the supervision of a qualified resource specialist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of the proposed action on federal endangered or threatened species, regional sensitive species, or their habitats.

Notification #4

Compliance with public laws and federal regulations

Operators are required to comply with all public laws and Federal regulations that apply to National Forest System lands and the Wayne Land and Resource Management Plan.

Notification #5

Steep slopes and/or unstable soils

The area of this lease contains a considerable amount of land with steep slopes and/or unstable soils. Accordingly, the opportunity to locate access roads, drilling sites, pipelines, storage tanks and other improvements may be extremely limited.

**USDA – FOREST SERVICE
Wayne National Forest, Ohio**

MANAGEMENT AREAS REQUIRING SPECIAL STIPULATIONS

Very Restrictive Stipulations

Stipulation #1

Future Old Forest

No surface occupancy on the entire lease or on designated areas of the lease (see map) for the protection of Future Old Forest.

On National Forest System lands in Future Old Forest Management Areas, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

Stipulation #2

Research Natural Areas

No surface occupancy within designated areas of the lease (see map) for the protection of natural processes or research, historical or educational values.

On National Forest System lands in Research Natural Management Areas, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

Stipulation #3

Special Interest Areas

No surface occupancy within designated areas of the lease (see map) for the protection of natural processes or research, historical or educational values.

On National Forest System lands in Special Interest Management Areas, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be

allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

Stipulation #4

Candidate Research Natural Areas and Special Interest Areas

No surface occupancy within designated areas of the lease (see map) for the protection of natural processes or research, historical or educational values.

On National Forest System lands in Candidate Research Natural Management Areas, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

Stipulation #5

Administrative sites, and developed recreation areas, trails and associated trailheads

No surface occupancy within designated areas of the lease (see map) for the protection of special management units such as developed recreation areas, trails and associated trailheads, water supply facilities, administrative site, etc.

On National Forest System lands within administrative sites, developed recreation areas, trails and associated trailheads, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. The NSO designation will include a buffer zone, which will be determined in accordance with the Implementation Guide for Scenery Management. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

Stipulation #6

Timbre Ridge Lake

No surface occupancy within designated areas of the lease (see map) for the protection of the Timbre Ridge Lake Management Area.

On National Forest System lands in the Timbre Ridge Lake Management Area, the USDA Forest Service will only issue Federal oil and gas leases that have a No Surface Occupancy (NSO) stipulation. In the case of Federal leases issued pursuant to the Comprehensive National Energy Policy Act of 1992, the Forest Service will recommend to BLM that operations be allowed to continue provided that all activities comply with Forest guidance. When the existing well (or wells) is depleted, all facilities must be removed and the site rehabilitated to Forest Service standards. No new wells will be allowed, nor will existing wells be allowed to be drilled to deeper formations. The NSO stipulation does not apply to reserved or outstanding mineral rights.

RESOURCES REQUIRING SPECIAL STIPULATIONS

Very Restrictive Stipulations

Stipulation #7

Cultural resource area of known significance

No Surface occupancy within archaeological or historical sites of known significance (see map). At the time of any new proposed lease developments, the responsible line officer shall determine the need for any setbacks or restrictions for the protection of objects of historic or scientific interest.

Stipulation #8

Slopes in excess of 55%

No surface occupancy on slopes in excess of 55% (see map) to protect soil and water from erosion and mass failure hazards because of steep slopes.

Stipulation #9

Areas of mass soil instability

No surface occupancy is allowed for the exploration and development of energy minerals on areas with mass soil instability, as defined by the USDA County Soil Surveys.

Stipulation #10

Hibernacula

No surface occupancy within ¼ mile of all known Indiana bat hibernacula.

RESOURCES REQUIRING SPECIAL STIPULATIONS
Moderately to Very Restrictive Stipulations

Stipulation #11

Controlled Surface Use - Areas of land with a Scenic Integrity Objective of 'High' or 'Moderate'

At the time of any new proposed lease developments, the responsible line officer shall determine the need for any visual quality mitigation. Some examples of mitigation may include special design and reclamation measures, transplanting trees and shrubs, fertilization, mulching, special erosion control structures, irrigation, site recontouring to match the original land contour, low profile equipment and painting to minimize contrast. Surface occupancy may also be limited or denied in sensitive areas, such as unique geologic features and rock formations, visually prominent areas such as designated trails and developed recreation sites.

Stipulation #12

Controlled Surface Use - Known locations of federally listed species.

No cutting of snags (trees with less than 10% live canopy), shagbark or shellbark hickories, or trees that are hollow and/or have major splits or broken tops, except during the bat hibernation season (September 15 to April 15). If such trees are a safety hazard, they may be cut anytime they pose an imminent threat to human safety, but if cut in the nonhibernation season the Forest Service biologist must be notified in advance. This stipulation applies only to trees over six inches in diameter.

Protect all super canopy trees or other identified congregation roost trees for bald eagles along major river corridors and lakes. Protect known nests and roosts as described in the Bald Eagle Recovery Plan, or as directed by the US Fish and Wildlife Service.

A Forest Service biologist, prior to any surface disturbing activities, will conduct an assessment for potential American burying beetle habitat and occurrence. Occupancy restrictions will be determined at the time of the evaluation.

Stipulation #13

Controlled Surface Use - Areas of known Regional Sensitive Species or uncommon, unique or important habitats.

Controlled surface use may include setbacks or restrictions from portions of the lease to ensure protection of habitat for regional sensitive species. At the time of any new proposed lease developments, the responsible line officer shall determine the need for any setbacks or restrictions, or the need for timing-related stipulation in accordance with the aquatic and terrestrial wildlife and botanical resources standard and guidelines.

The leaseholder and Forest Service inspector shall work together to identify locations for development and production facilities in order to protect the structural integrity of large old trees found on a portion of the tract.

Stipulation #14

Controlled Surface Use - Managed wildlife openings

At the time of any new proposed lease developments, the responsible line officer shall determine the extent of the surface use restrictions necessary to maintain habitat integrity for plant and animal species dependent on such habitats.

Stipulation #15

Controlled Surface Use – Riparian areas

At the time of any new proposed lease developments, the responsible line officer shall determine the appropriate surface use restrictions necessary to maintain the structural and ecological integrity of riparian areas, and aquatic and riparian-dependent species viability.

Stipulation #16

Controlled Surface Use – Portions of floodplains outside riparian areas.

Oil and gas activities may be allowed within that portion of a floodplain outside riparian areas. Mineral activities will be evaluated on a case-by-case basis, and appropriate mitigation measures will be applied. The leaseholder and Forest Service inspector shall work together to identify locations for roads, pipelines, well pads and production facilities.

Stipulation #17

Controlled Surface Use - Slopes between 35 and 55 percent

Oil and gas activities will be allowed on slopes between 35%-55% on a case-by-case basis, with appropriate mitigation. New road construction and maintenance shall be planned so that the least amount of ground disturbance is involved. The leaseholder and Forest Service inspector shall work together to identify locations for roads, pipelines, well pads and production facilities.

Stipulation #18

Controlled Surface Use – Cemetery

There is a reservation for use of ¼ acre for a cemetery. No surface disturbance on the cemetery.